

## Exhibit F

## DRAFT

To Penny Somerville  
 From Murray McIntosh

January 2007  
 c.c.:

Topic Review of Valuation Adjustments for Commodities Portfolio

1. Purpose

Valuation Product Control (VPC) recently identified limitations with respect to the valuation adjustment and reserve process as applied to commodity derivative products, specifically related to the independent price verification (IPV) adjustment and close-out reserve. This document describes the limitations, their effect on the value of the commodity derivative portfolio, and provides recommendations to address these limitations. The scope of the recommendations apply to crude oil and natural gas linear and non-linear instruments, although for purposes of illustration, examples are limited to natural gas options only, which represents the majority of the portfolio as measured by number of contracts (Table 1). Figure 1 shows the growth in the commodity derivative portfolio since fiscal 2005 year end

Table 1: Commodity derivative portfolio by contract type and by underlying<sup>a</sup>

Book	#Option contracts	#Swap contracts <sup>c</sup>	Total contracts
Natural gas	6,036,263 <sup>b</sup>	1,577,642 <sup>b</sup>	7,613,905
Crude oil	899,625	216,542	1,116,167
<b>Total</b>	<b>6,935,888</b>	<b>1,794,184</b>	<b>8,730,072</b>

<sup>a</sup> Data are gross contracts as at January 10 2006

<sup>b</sup> Includes NYMEX and pipelines

<sup>c</sup> Includes futures contracts

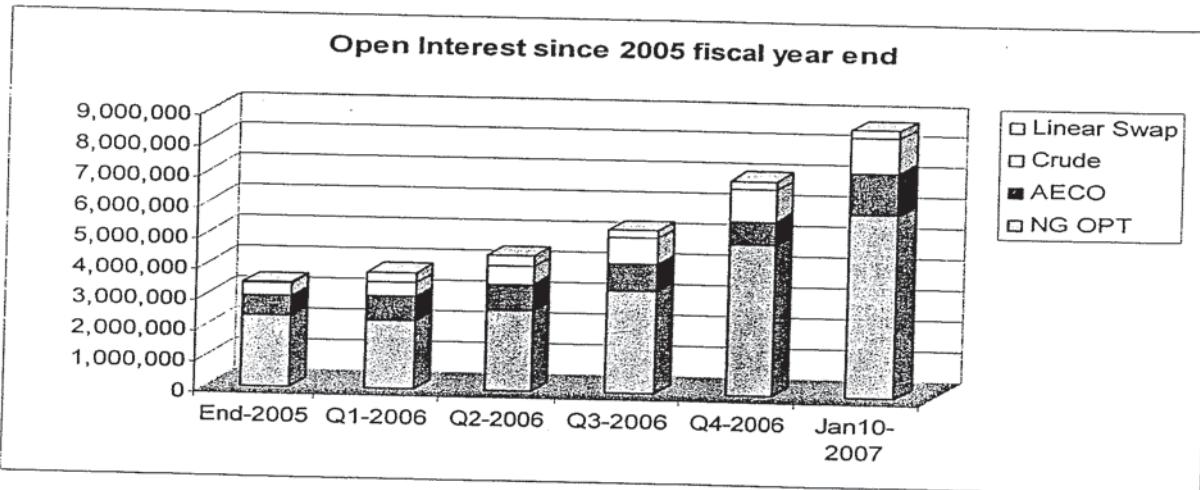


Figure 1: Open interest since 2005 fiscal year end